

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
P. O. Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801) 530-6980

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

JAMES HOPKINS, CRD #2688074;
ADAM HARRINGTON RUCKSDESCHEL,
CRD #2481064,
**ROBERT JOHN GRABOWSKI, CRD
#1639890**

Respondents.

**STIPULATION AND CONSENT
ORDER AS TO ROBERT JOHN
GRABOWSKI**

Docket No. SD-02-0138

Docket No. SD-02-0139

Docket No. SD-02-0140

The Utah Division of Securities (Division), by and through its Director of Licensing, George Robison, and Robert John Grabowski (Grabowski), CRD #1639890, hereby stipulate and agree as follows:

1. The Division commenced agency action against Grabowski and two other agents of The Thornwater Company, L. P. (Thornwater), namely, James Hopkins (Hopkins) and Adam Harrington Rucksdeschel (Rucksdeschel), by petitioning for an order revoking and barring their licenses, and imposing a fine, on September

23, 2002. The Division also issued an Order to Show Cause against Thornwater and another Thornwater agent, Thomas Russo (Russo), at that time. The actions against Rucksdeschel, Hopkins and Russo were later resolved by Consent Orders, and the actions against Thornwater and Grabowski are pending, with an expected hearing date in August 2006.

2. Grabowski and the Division have agreed to resolve the actions against him through this Stipulation and Consent Order (Order).
3. Grabowski admits the jurisdiction of the Division over him and over the subject matter of this action.
4. Grabowski waives any right to a hearing to challenge the Division's evidence and present evidence on his behalf. Grabowski also waives any right to appeal this Order.
5. Grabowski has read this Order, understands its contents, and enters into this Order voluntarily. No promises or threats have been made by the Division, nor by any representative of the Division, to induce him to enter into this Order other than as described herein.
6. Grabowski is represented by attorneys Steve Altman and Eric Rosenberg of the law firm of Altman & Company, P. C. and is satisfied with the legal representation he has received.

I. FINDINGS OF FACT

The Division makes the following findings of fact:

The Broker-Dealer, The Client, The Agents

7. The Thornwater Company, L.P. (Thornwater) is a broker-dealer that was licensed by the Division from November 20, 1995 until December 10, 2001, when its license was suspended by emergency order for failure to comply with an audit by the Division. The emergency order of suspension became permanent on January 14, 2002. The Division commenced a subsequent action against Thornwater on September 23, 2002, when it issued an order to show cause. The order to show cause was amended on April 8, 2005.
8. J. Garland (Garland) is a Utah resident and was a client of Thornwater from January 1999 to December 10, 2001, when Thornwater terminated its relationship with Garland and all Utah clients. Garland became a client of Thornwater when Russo transferred Garland's account to Thornwater from another firm.
9. Thomas Russo (Russo) was employed by Thornwater as a broker-dealer agent and was the account executive of Garland's account at Thornwater from January 1999 to June 1999. By stipulation, Russo was barred from associating with a licensed broker-dealer or investment adviser in Utah.
10. James Hopkins (Hopkins) was employed by Thornwater as a broker-dealer agent

and managed Garland's account from March 1999 to April 2000. By stipulation, Hopkins agreed to never license as a securities agent in the State of Utah again.

11. Adam Harrington Rucksdeschel (Rucksdeschel) was employed with Thornwater as a broker-dealer agent from November 1999 to August 2002. Rucksdeschel was licensed in Utah from May 2000 until March 2002. By stipulation, Rucksdeschel's license was suspended for two years.
12. Robert John Grabowski (Grabowski) was president and CEO of The Thornwater Company, L. P. (Thornwater). Grabowski was licensed in Utah from January 1999 until March 2002. As president and CEO of Thornwater, Grabowski was ultimately responsible for the supervision of Thornwater agents.

The Division's Investigation

13. On March 8, 2001, Garland sent a complaint letter to Thornwater, complaining of numerous securities violations involving his account. In August 2001, Garland sent a copy of the complaint letter to the Division. After receiving Garland's complaint, the Division initiated an audit of Thornwater on December 10, 2001.
14. The Division's investigation revealed that, between January 2000, when Garland opened the account and March 2001 when the account was closed, Thornwater agents ignored instructions, made unauthorized trades, made unauthorized margin trades, made unsuitable trades, made excessive trades, made material misrepresentations, omitted material facts, engaged in unlicensed activity, and

engaged in high pressure sales tactics.

II. CONCLUSIONS OF LAW

Violations of Securities Laws and Regulations by Grabowski

Failure to Supervise

15. The misrepresentations, unlicensed activity, unauthorized trades, unauthorized use of margin, unsuitable trades, excessive trades and high pressure sales tactics by Russo, Hopkins and Rucksdeschel constitute violations of Utah's securities laws and regulations.
16. The above violations committed by Russo, Hopkins and Rucksdeschel were subject to the ultimate supervision of Grabowski as president of the firm.
17. Grabowski failed to implement and/or enforce policies and procedures reasonably designed to detect and prevent violations of securities laws by these Thornwater agents.
18. Grabowski failed to reasonably supervise Thornwater agents.

III. AGREEMENT

19. Grabowski neither admits nor denies the Division's investigative findings and conclusions, but consents to the Division entering an Order:
 1. Requiring Grabowski to pay a \$15,000 fine to the Division by certified check at the time of entry of this Order;
 2. Prohibiting him from applying for licensure in the State of Utah; and

3. Prohibiting him from violating the Utah Uniform Securities Act.
20. Grabowski represents that he is able to pay the fines imposed as set forth in this Order.
21. If the Division finds that Grabowski materially violates any term of this Order, after notice and opportunity to be heard before an administrative hearing officer, Grabowski will be barred from associating with a broker-dealer or investment adviser licensed in Utah.


IV. FINAL RESOLUTION

22. Grabowski acknowledges that this Consent Order, upon approval by the Division Director (Director) and subject to the approval of the Utah Securities Advisory Board, shall be the final compromise and settlement of this matter. Grabowski further acknowledges that if the Director and the Advisory Board do not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.
23. Grabowski acknowledges that the Order does not affect any civil or arbitration causes of action that third parties may have against him arising in whole or in part from his actions, and that the Order does not affect any criminal causes of action that a prosecutor might bring.
24. This Order constitutes the entire agreement between the parties herein, and supersedes and cancels any and all prior negotiations, representations,

understandings, or agreements between the parties. There are no verbal agreements that modify, interpret, construe, or otherwise affect this Order in any way.

Utah Division of Securities

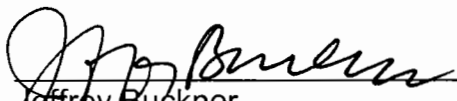
Date: 8/8/06

By: 
George Robison
Director of Licensing


Date: 8/4/06


Robert John Grabowski

Approved:


Jeffrey Buckner
Assistant Attorney General

Approved:


Steve Altman
Eric Rosenberg
Altman & Company, P.C.
Attorneys for Robert John Grabowski and
The Thornwater Company, L.P.

ORDER

It is hereby ordered that:

25. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
26. Grabowski pay a fine of \$15,000 by certified check to the Division at the time of the entry of this Order.
27. Grabowski shall not apply for licensure in the State of Utah.
28. Grabowski shall not violate the Utah Uniform Securities Act.
29. If the Division finds Grabowski materially violates any term of this Order, after notice and opportunity to be heard before an administrative hearing officer, Grabowski will be barred from associating with a broker-dealer or investment adviser licensed in Utah.

DATED this 15th day of August, 2006.


WAYNE KLEIN


Director, Utah Division of Securities



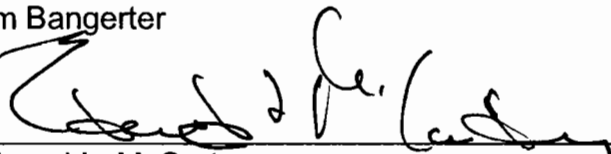
BY THE UTAH SECURITIES ADVISORY BOARD:

The foregoing Order is hereby accepted, confirmed and approved by the Utah Securities Advisory Board.

DATED this 16 day of August, 2006.




Tim Bangerter



Edward L. McCartney

Laura Polacheck

Mark Pugsley



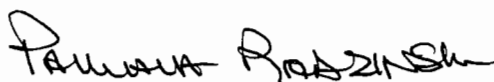
Craig Skidmore

CERTIFICATE OF SERVICE

I certify that on the 18th day of August 2006, I mailed a true and correct copy of the Stipulation and Consent Order to:

Steven Altman
Eric Rosenberg
ALTMAN & COMPANY, P.C.
260 Madison Avenue 22nd Floor
New York, NY 10016

Attorneys for Robert John Grabowski
and The Thornwater Company, L.P.

A handwritten signature in cursive script, appearing to read "Pamela Rabinovitch", is written over a horizontal line.

Executive Secretary